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THE WHITE HOUSE
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XGDS (3)

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT.

SUBJECT: Taiwan NSSM: U.S. Force Reductions
on Taiwan and Future U.S. Military
Assistance

Two interdepartmental strikes have been completed on the U.S. military presence in Taiwan and on various levels of future American military assistance to the Republic of China (Tabs B and C). These papers were prepared in response to NSSM 212.

Your decisions on these matters will to some degree determine our general course on normalization of U.S. relations with the Peoples Republic of China. They must also take into account the new situation in Asia after the fall of Indochina and the interests and policies we wish to pursue in the area.

Issues

There are two principal issues on which your decisions are needed:

-- At what rate should we reduce our non-intelligence military presence on Taiwan, and by what date should we complete such withdrawals? (We are dealing with our military intelligence presence in a separate study.)

-- What amount and type of military aid should we provide the Republic of China in the future?

NON-INTELLIGENCE MILITARY FORCE REDUCTIONS

During my Peking visit last November I conveyed your decisions (a) that we would reduce the U.S. military force level by 50 percent from July 1975 to July 1976, and (b) that we would complete the

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withdrawal of all U.S. forces from Taiwan by the end of 1977. We must now determine the pace and composition of our force withdrawals within those time frames.

Our total military force spaces now number about 3,000. The number actually present on Taiwan is somewhat less; it is consistent with the figure of 2,800 I gave the Chinese in Peking. About 2,300 spaces are for non-intelligence personnel, which perform the following two principal military functions:

- . Toward Taiwan: Joint planning (in the Taiwan Defense Command -- TDC -- which is our contingency command and is headed by a three-star admiral); training and advisory (in the Military Assistance Advisory Group -- MAAG -- which is headed by a two-star Air Force general).

- . Toward Asia as a whole: Communications (in the U.S. Army Communications Command -- USACC), war reserve materiel storage, and aircraft maintenance.

Options for Further Reductions

The DOD study (Tab B) described three alternative levels for our non-intelligence military forces by the end of FY 76:

- Option 1: A 34 percent reduction (785 personnel), which would reduce the non-intelligence total to about 1,500 men. This would principally involve disestablishment of the 327th Air Division, which formerly controlled our combat air units on Taiwan and now coordinates air defense with the Republic of China Air Force and undertakes air defense contingency planning. Its residual functions could be performed by perhaps 20 to 30 men, who would be inserted into TDC. This option would not degrade our present capabilities, and would not involve any major unprogrammed costs.

- Option 2: A 50 percent reduction (1,121 personnel), leaving a non-intelligence total of about 1,150 men. In addition to the reductions described in Option 1, the most important aspect of this reduction would be in our regional communications facility (USACC). It would have its functions either reduced or partially assumed by contractor personnel at an increased cost of \$2.3 million annually. Other reductions would involve only support personnel.

-- Option 3: A 100 percent reduction of non-intelligence military personnel. This would involve disestablishing TDC or moving it off-island, eliminating MAAG (and transferring its functions to the DAO), and finding some substitutes for USACC to perform regional communications, for war reserve materiel storage now on Taiwan, and for the aircraft maintenance now done there. These substitutes would be the subject for further DOD study.

Agency Views

-- DOD prefers Option 1, but states that Option 2 is also acceptable.

-- State prefers Option 2. Further, State recommends that DOD study more carefully the removal of the forces and major facilities that will remain after those included in Option 2 are removed.

My Views

I support Option 2. This reduction in non-intelligence military personnel, coupled with a substantial reduction in military intelligence personnel (which is the subject of the current follow-on study), will bring the total U.S. military personnel on Taiwan down to about 1,800 spaces, of which 1,100 are non-intelligence military personnel. This figure is consistent with the estimate I gave the Peoples Republic of China last November.

As regards the much more difficult follow-on problem of phasing out the last 1,100 non-intelligence military personnel:

-- On the Taiwan-oriented portion: TDC and MAAG should be the last units to leave Taiwan. Their size -- 83 in TDC and 50 in MAAG -- is already sufficiently small that further reduction in the interim is not necessary. We should decide later whether to merge the two units for a time, and then whether to transfer their functions to the DAO or off-island.

-- On the regionally-oriented portion: DOD should be asked to study much more seriously whether alternative sites in the Western Pacific can be used for war reserve materiel and aircraft maintenance, rather than removing these functions all the way to the continental United States as it has proposed. DOD should also staff out further the alternatives for removing our regional communications capability from Taiwan. Of course, while these studies are conducted, and because

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of the lead time before any substitute arrangements can be made, we must recognize that any decision to accelerate our withdrawals could founder on technical grounds. In addition, DOD should be instructed that it should not plan, as it is proposed, to relocate to Taiwan the war reserve materiel that it might have to remove from Thailand.

FUTURE U.S. MILITARY ASSISTANCE TO TAIWAN

At Tab C is the inter-agency response to the military assistance portion of NSSM 212. The paper places the question of U.S. military assistance to the Republic of China in its broad political-security context. It lays out a range of four options for alternative compositions and levels of future U.S. military assistance.

Political-Security Context

Our decisions on aid must be taken within the framework of a complicated political-security context:

-- The Dilemma in U.S. -China Policy as Applied to Military Assistance. If we significantly increase U.S. arms supplies to Taiwan, we would not only disturb Peking but would also mislead Taipei as to our intent toward further normalization of relations with the Peoples Republic of China. We might also encourage Republic of China inflexibility on the question. On the other hand, if we reduce our arms supply to Taiwan severely, we are very likely to induce a rapid deterioration of Republic of China military capabilities. Such a move could also undermine confidence, threaten the present leadership's control, generate popular unrest, and could lead the Republic of China in desperation to change Taiwan's international status or to involve others in the island's fate. The leadership might also intensify efforts to acquire nuclear weapons. Such developments would not serve our interests, or those of Peking, Taipei or Tokyo.

-- Third-Country Supply Potential. With a few exceptions, third countries will probably not constitute a reliable source of major weapons for the Republic of China. The exceptions could likely include Israel, with its surface-to-surface missiles, and possibly Italy and South Africa, who could become indirect conduits for missiles (but not aircraft). The Republic of China can, of course, easily buy light arms on the international market.

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-- Asia after Vietnam. We should also consider our aid to Taiwan in the context of our general Asian policy after Vietnam. We can no longer completely isolate developments in our relations with one country in the region from their impact on others or from their domestic political impact. Therefore, we should not try to reverse the present trends toward normalization by massive arms deliveries to the Republic of China, but neither should we appear to be an unreliable supporter of Taiwan's defense capability.

Policy Options

Option 1: Completely cut off access to U.S. equipment, either immediately or gradually over the next three to five years.

-- This approach would be consistent with U.S. - PRC normalization, would increase pressures on the ROC for an accommodation with Peking, and, at the upper range of the option, could ease any PRC pressures for an abrupt termination of the U.S. arms supply to Taiwan. On the other hand, it would badly erode ROC confidence, and perhaps that of other U.S. allies, threaten political cohesion on Taiwan and risk acts of desperation. It might accelerate ROC efforts to develop nuclear weapons, could mislead the PRC, and could require U.S. intervention to counter any military attack from the mainland.

Option 2: Freeze ROC access to U.S. arms at current types and levels -- restrict ROC access to spare parts, replacement of items already in its inventory (the F-5E program would be completed and could be extended to replace obsolescent aircraft on a one-for-one basis), and certain improved models made necessary by phase-out of weapons in the U.S. inventory (improved Hawk missiles); and prohibit the supply of new weapons systems to Taiwan.

-- This option would facilitate the normalization process, would sustain a reasonably credible ROC military deterrent for the next few years, and might eventually nudge the ROC toward an accommodation with the PRC. On the other hand, it would tend to erode ROC confidence (though much less than Option 1), would carry some risk to stability on Taiwan, might over time tempt the PRC to threaten military action, and would lower the threshold of U.S. involvement in any such action.

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Option 3: Limited ROC access to new weapons:

. At the lower range of this option, permit the ROC access to additional and new weapons which would not be likely to provoke the PRC. ("Provocative" weapons would be those which the PRC might believe would give Taiwan a clear technological superiority or would alter the current relative military balance.) Weapons permitted in the lower range would include additional F-5E aircraft, improved air-to-air missiles, improved air defense command and control systems, high-speed patrol boats (but not hydrofoils), a possibly limited number of Harpoon missiles, and anti-tank missiles.

. The upper range of this option would give greater weight than the lower range to preserving ROC confidence in U.S. intentions and to helping the ROC cope with what it perceives to be growing PRC military capabilities -- even though Peking would regard as provocative some of the weapons systems we would provide. Such weapons would include unlimited numbers of Harpoon missiles, laser-guided bombs, anti-submarine rockets, and C-130H transport aircraft.

-- Either range of this option should reassure the ROC, cushion further political blows to Taipei, maintain a credible though gradually deteriorating ROC military deterrent, and help inhibit PRC military actions against Taiwan. On the other hand, it could raise doubts in Peking about U.S. intentions toward normalization (particularly at the upper range of this option), would risk misunderstandings with the PRC upon weapons deliveries two or three years hence, and could, at the upper range, strain the ROC economy.

Option 4: Allow Substantial ROC Access to New Weapons -- permitting Taipei access to a broad range of new weapons systems (a large number of laser-guided bombs as well as F-16 or F-17 aircraft).

-- This option would minimize the risk to confidence on Taiwan and could reduce direct U.S. involvement in Taiwan's security. On the other hand, it would obstruct normalization, reduce the political deterrent against a possible PRC attack (since Peking would be less concerned about straining U.S.-PRC relations), mislead the ROC as to U.S. intentions, and strain the ROC economy.

Departmental Views

-- State favors Option 3, in its lower range.

-- Defense also chooses Option 3, but in its upper range.

-- CIA takes no formal position on the options, but believes in general that Option 2 or 3, or some combination of these, is the most realistic means to maintain our relationships both with the PRC and the ROC and to preserve stability on Taiwan.

My Views

I agree with State's preference for Option 3 in its lower range -- that the U.S. supply Taiwan with additional new weapons which are not likely to provoke Peking. This option deals best with the two horns of our China policy-dilemma:

-- It would permit the ROC to maintain a reasonably credible deterrent, both for its psychological value to Taiwan and for its restraining effect on Peking. President Chiang's death and our Indochina setback make it advisable to avoid, for the immediate future, actions that would seriously undermine ROC confidence. Option 2, by contrast, would be too restrictive in terms of these objectives and would entail a substantial deterioration in Taiwan's relative defense capabilities in two to three years.

-- This option would demonstrate a U.S. sensitivity to Peking's legitimate concern that we not give Taiwan weapons that are clearly offensive in nature or highly advanced and sophisticated. (If, however, you decide that we should negotiate a normalization agreement with Peking, one element could be some understanding -- even if tacit -- about the future level of U.S. military sales to the island.)

I also believe that the general nature of the guidance provided by this option, though helping to provide some useful guidance for the bureaucracy, will still require us to deal on a case-by-case basis with a number of sensitive weapon systems that the ROC might request. This is partly because of the necessarily broad language of the options and because judgments about the political-security context will change from time to

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time. For example, we might well at some point want to consider providing some more sophisticated weapon systems allowed under DOD's preferred option (the upper range of Option 3). However, the general guideline we suggest would give sufficient flexibility to consider such weapon systems.

At Tab A is a draft NSDM which embodies my recommendations above.

RECOMMENDATION:

That you authorize me to sign, in your name, the draft NSDM at Tab A.

APPROVE _____ DISAPPROVE _____

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